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# Patent Public Advisory Committee Quarterly Meeting

## PTAB Update

David P. Ruschke

Chief Administrative Patent Judge

Scott Boalick

Deputy Chief Administrative Patent Judge

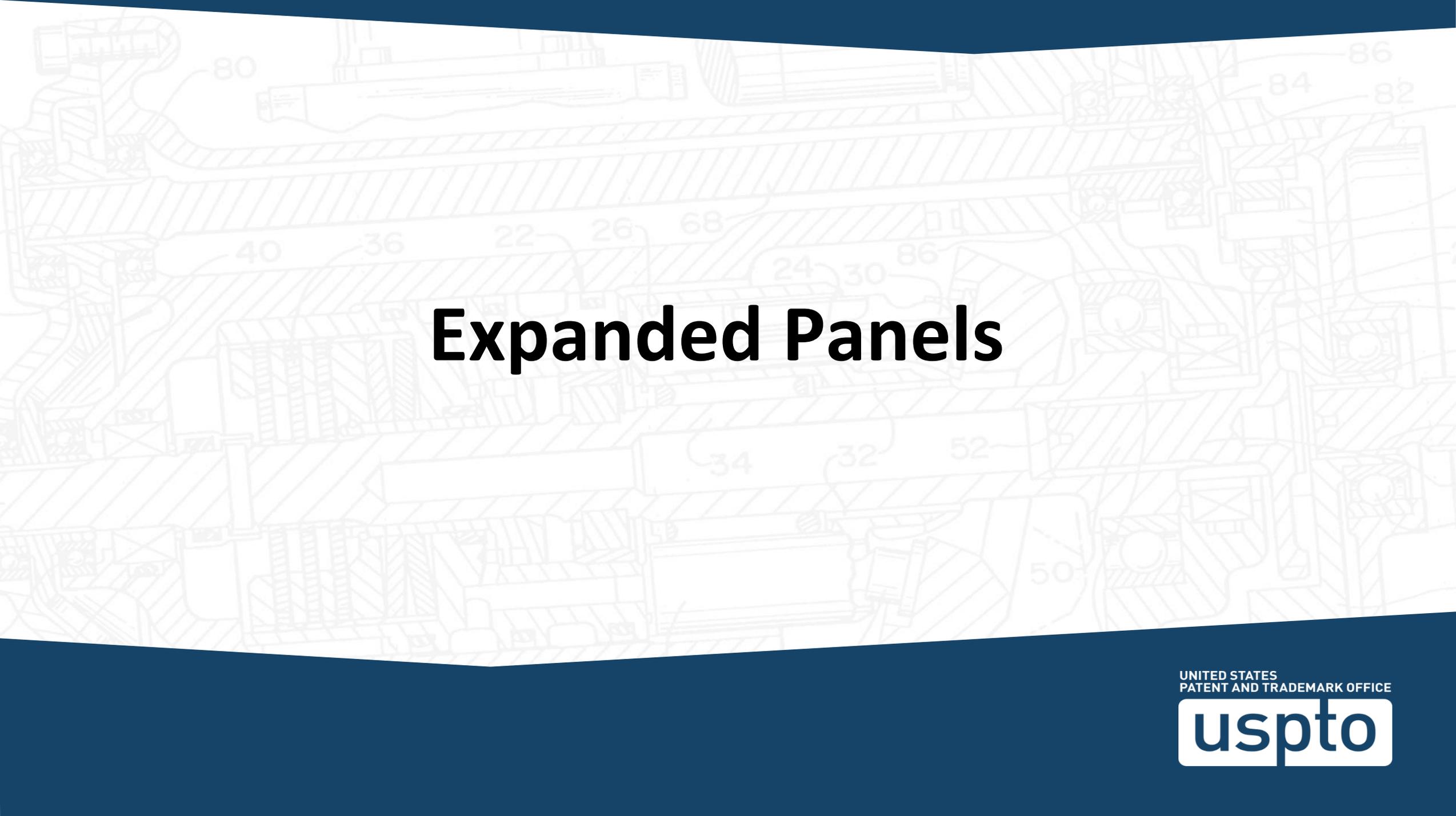
February 1, 2018

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# Overview

- Expanded Panels
- Sovereign Immunity
- Recent Precedential and Informative Decisions
- *Wi-Fi One v. Broadcom*
- Ex parte Appeal Statistics
- Open Discussion
- Appendix

A technical drawing background featuring a complex assembly of parts with various hatching patterns and callout numbers. The numbers include 80, 86, 84, 82, 40, 36, 22, 26, 68, 24, 30, 86, 34, 32, 52, and 50. The drawing is rendered in a light gray color against a white background.

# Expanded Panels

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# SOP 1 - Reasons for Panel Expansion

- Chief has discretion to expand a panel
- An expanded panel is **rare** and “**ordinarily will not be used**”
- Reasons for expanding a panel:
  - **Issue of exceptional importance**
  - **Maintain uniformity of Board decisions**
  - Written request from Commissioner for Patents or the Commissioner’s delegate identifying an issue:
    - Of first impression; or
    - Governed by a prior Board decision where Commissioner has determined it would not be in the public interest to follow the prior Board decision

# SOP 1 - Suggestion for Panel Expansion

- Who may suggest the need for the designation of an expanded panel?
  - Judge
  - Merits panel
  - Interlocutory panel
  - Applicant or patent owner in an *ex parte* appeal
  - Party in an *inter partes* reexam, interference, or AIA trial
- Suggestion must be in writing with reasons and basis for expansion

# Expanded Panel Review

- Current panel expansion practice:
  - ensures predictable and uniform application of agency policy
  - ensures that similarly situated parties, under the same facts, are treated the same
  - provides notice to the public
- Current preferred panel expansion practice (*see General Plastic*):
  - all expanded panel decisions explain the basis for expansion
  - panel expanded without changing the underlying result
    - emphasizes the underlying result or reasoning
  - potential designation of decision as informative, and
  - may consider the decision for precedential designation
- Early AIA practice expanded panels in families for case resource management
  - Now discontinued

# Expanded Panel Review

- The universe of IPR, PGR, and CBM petitions filed on or before 12/31/2017 includes:
  - 7,930 petitions and their associated:
    - 6,033 Decisions on Institution;
    - 1,912 Final Written Decisions; and
    - Thousands of Interlocutory Orders
- **The underlying result changed after panel expansion in only two lines of cases, both addressing the same legal issue (same-party joinder):**
  - *Target Corp. v. Destination Maternity Corp.*, Case IPR2014-00508, -00509;
  - *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, Case IPR2015-00762.



# Sovereign Immunity

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# Types of Cases

- State sovereign immunity
- Tribal immunity

# State Sovereign Immunity

Group	Petitioner/RPI	Patent Owner(s)	Cases
1	Covidien LP	University of Florida Research Foundation	IPR2016-01274; IPR2016-01275; IPR2016-01276
	Neochord, Inc.	University of Maryland, Baltimore	IPR2016-00208
	Reactive Surfaces	Regents of the University of MN	IPR2016-01914
2	Ericsson	Regents of the University of MN	IPR2017-01186; IPR2017-01197; IPR2017-01200; IPR2017-01213; IPR2017-01214; IPR2017-01219
	LSI Corp/Avago Tech	Regents of the University of MN	IPR2017-01068
3*	St. Jude Medical	Regents of the University of CA	IPR2017-01338; IPR2017-01339
4*	Gilead Sciences	Regents of the University of MN	IPR2017-01712; IPR2017-01753

\*Pending decision on sovereign immunity issue

# State Sovereign Immunity Cases: Group 1

- Panels concluded that University is entitled to rely on Eleventh Amendment sovereign immunity and dismissed the IPR petition against University

# State Sovereign Immunity Cases: Group 2

- Panels expanded to include Chief Judge, Deputy Chief Judge, and 2 Vice Chief Judges
- Expanded panels denied the University's motion to dismiss
  - Majority concluded that the University is entitled to rely on Eleventh Amendment immunity, but University waived its immunity by suing petitioner for infringement of the challenged patents in district court
  - Concurring judge stated sovereign immunity should not be available as a shield against reconsideration by the Office of whether the Office improvidently granted a patent monopoly in the first instance
- University has requested that panels stay proceedings pending appellate review of the orders denying dismissal based on state sovereign immunity
  - Briefing on the motion to stay completed on January 23, 2018

# Tribal Immunity

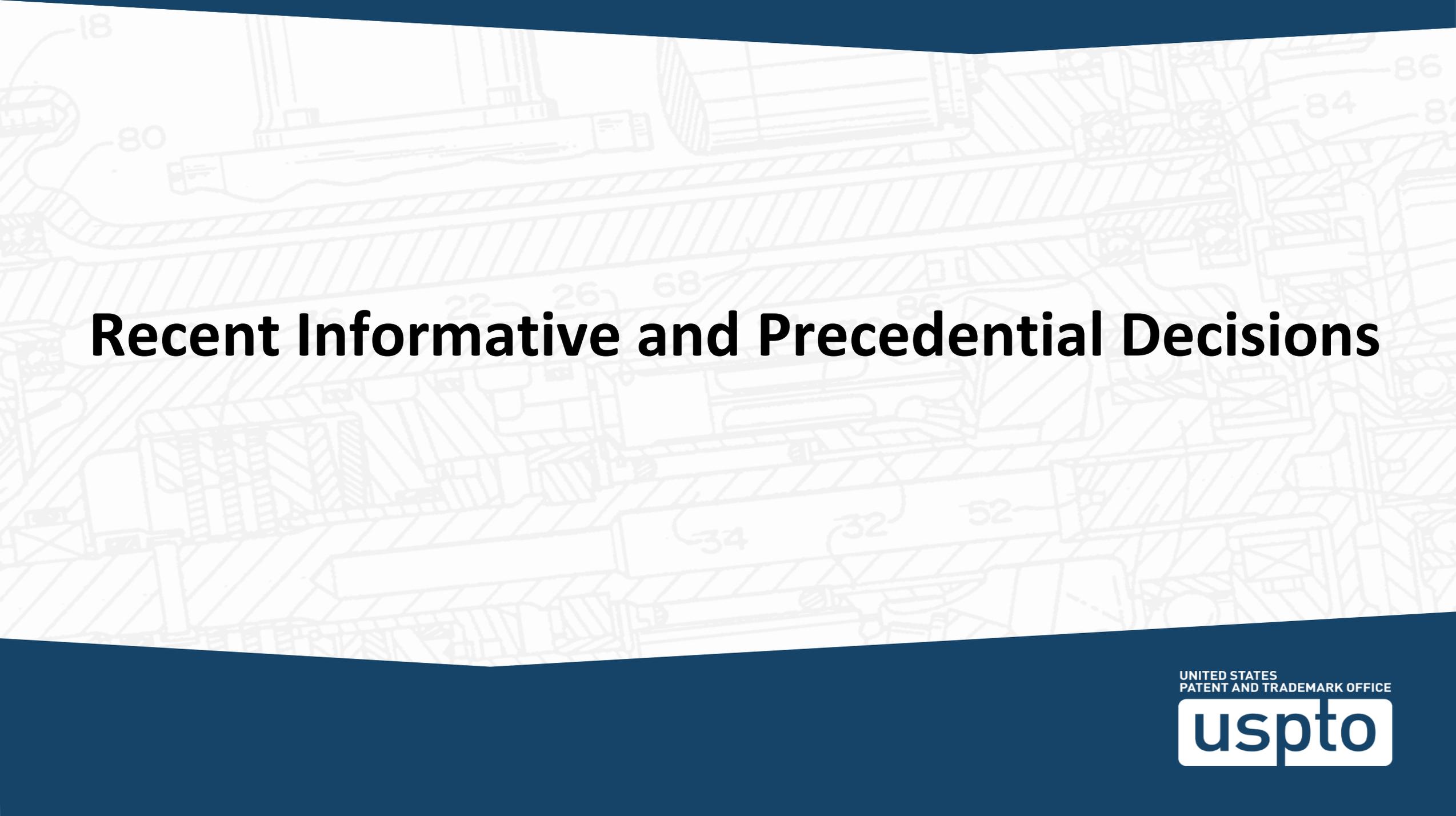
- Two sets of cases:
  - Mylan Pharmaceuticals Inc. v. Saint Regis Mohawk Tribe—biopharma
  - Apple v. MEC Resources (owned by Mandan, Hidatsa, and Arikara Nation)—high tech

# Mylan v. Saint Regis Mohawk Tribe

- Mylan filed IPR petitions against Allergan patents covering Restasis, a product to treat dry eyes with net sales of > \$1 billion in 2016
- Teva and Akorn filed subsequent petitions that PTAB joined with Mylan's petition
- Allergan assigned patents to Tribe, and Tribe granted Allergan an exclusive "limited field of use" license to patents
- Tribe moved to dismiss IPRs based on tribal sovereign immunity
- PTAB permitted amicus briefing and adjusted FWD deadline to April 6, 2018
  - 15 amicus briefs filed including:
    - Public Knowledge, Electronic Frontier Foundation, High Tech Inventors Alliance, Computer & Communications Industry Association, Internet Association, BSA | The Software Alliance, Association for Accessible Medicines, Amici Scholars, Software and Information Industry Association, DEVA Holding, Askeladden, James R. Major, U.S. Inventor, Native American Intellectual Property Enterprise Council, National Congress of American Indians, National Indian Gaming Association, The United South and Eastern Tribes, Oglala Sioux Tribe, Seneca Nation, Luis Ortiz, and Kermit Lopez

# Apple v. MEC Resources

- Apple filed an IPR petition against MEC Resources' patent 6,137,390
- MEC Resources is wholly-owned by the Mandan, Hidatsa, and Arikara Nations
- A filing date has been accorded to the proceeding
- Briefing on the sovereign immunity issue has been authorized

A detailed technical drawing of a mechanical assembly, likely a piston and crankshaft, rendered in a light gray line-art style. The drawing includes various components with numerical callouts such as 18, 80, 22, 26, 68, 34, 32, 52, 84, and 86. The drawing is set against a dark blue background that has a wavy, torn-paper-like edge at the top and bottom.

# Recent Informative and Precedential Decisions

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## **35 U.S.C. 315(b)**

- Prohibits institution of an IPR if the petition is filed more than 1 year after the date on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent

# New Informative Decisions on 35 U.S.C. 315(b)

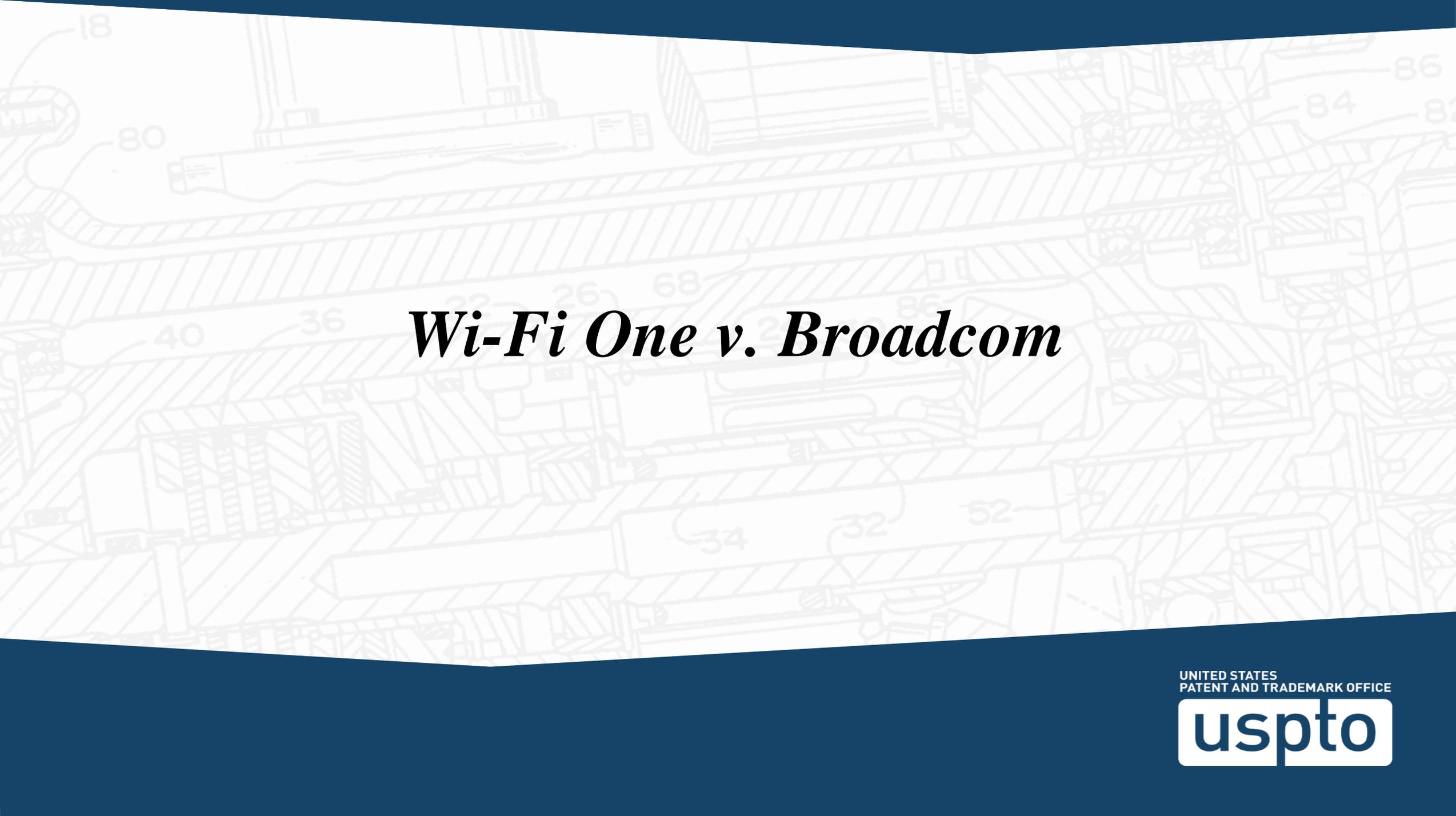
- *Luv N' Care v. McGinley*, IPR2017-01216, Paper 13, Sept. 18, 2017:
  - Section 315(b) time bar applies because:
    - petitioner filed its initial petition with insufficient funds to cover the filing fee and therefore could not be given a filing day; and
    - date on which petitioner filed its subsequent petition with sufficient funds was more than one year after petitioner was served with a complaint alleging patent infringement

# New Informative Decisions on 35 U.S.C. 315(b)

- *Amneal Pharm. v. Endo Pharm.*, IPR2014-00360, Paper 15, June 27, 2014:
  - 315(b) time bar does not apply because filing a motion to amend a complaint in district court, with a proposed second amended complaint attached, does not constitute service;
  - service under 315(b) is made only when the second amended complaint is actually filed (and thus electronically served on petitioner per district court's local rules)

# New Precedential Decision

- *Facebook v. Skky*, CBM2016-00091, Paper 12, September 28, 2017:
  - Designated § II.B.2 precedential by PTAB on Dec. 21, 2017
  - An expanded panel issued a unanimous decision denying a request for rehearing of a denial of institution of a CBM patent review.
  - Chief Judge expanded the panel due to the nature of the issue presented and to provide guidance regarding the effect of statutory disclaimers on CBM patent review eligibility, which has been at issue in multiple cases.
  - Whether a patent is a CBM patent, i.e., eligible for CBM review, is based on what the patent “claims” at the time of the institution decision, not earlier.
  - Claims that are statutorily disclaimed by PO after a petition is filed, but before institution, are “as if they never existed” and cannot be the basis to establish CBM eligibility.
  - This decision and claims being “as if they never existed” is specific to CBM institution.



# *Wi-Fi One v. Broadcom*

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# Wi-Fi One v. Broadcom

- In *Wi-Fi One v. Broadcom* (Fed. Cir. Jan. 8, 2018), the Federal Circuit issued an en banc decision holding that time-bar determinations under 35 U.S.C. § 315(b) are appealable, notwithstanding § 314(d), which states that a determination whether to institute an IPR “under this section shall be final and nonappealable.”
  - o The majority opinion (J. Reyna) applies “the ‘strong presumption’ favoring judicial review of administrative actions,” unless “Congress provides a ‘clear and convincing’ indication that it intends to prohibit review,” citing *Cuozzo* and other Supreme Court decisions.
  - o The majority reads “under this section” in § 314(d) to refer to § 314, and specifically § 314(a) (“a reasonable likelihood that the petitioner would prevail” determination).
  - o The majority states that § 315(b) is “unrelated to the Director’s preliminary patentability assessment or the Director’s discretion not to initiate an IPR even if the threshold ‘reasonable likelihood’ is present” and “is not focused on particular claims.”
  - o J. O’Malley wrote a concurring opinion.
  - o In his dissent, J. Hughes does not agree with the narrow reading of § 314(d) and finds it contrary to *Cuozzo*, which states that § 314(d) prohibits judicial review of “questions that are closely tied to the application and interpretation of statutes related to” USPTO’s decision to initiate IPR, including petition requirements under § 312(a)(3).



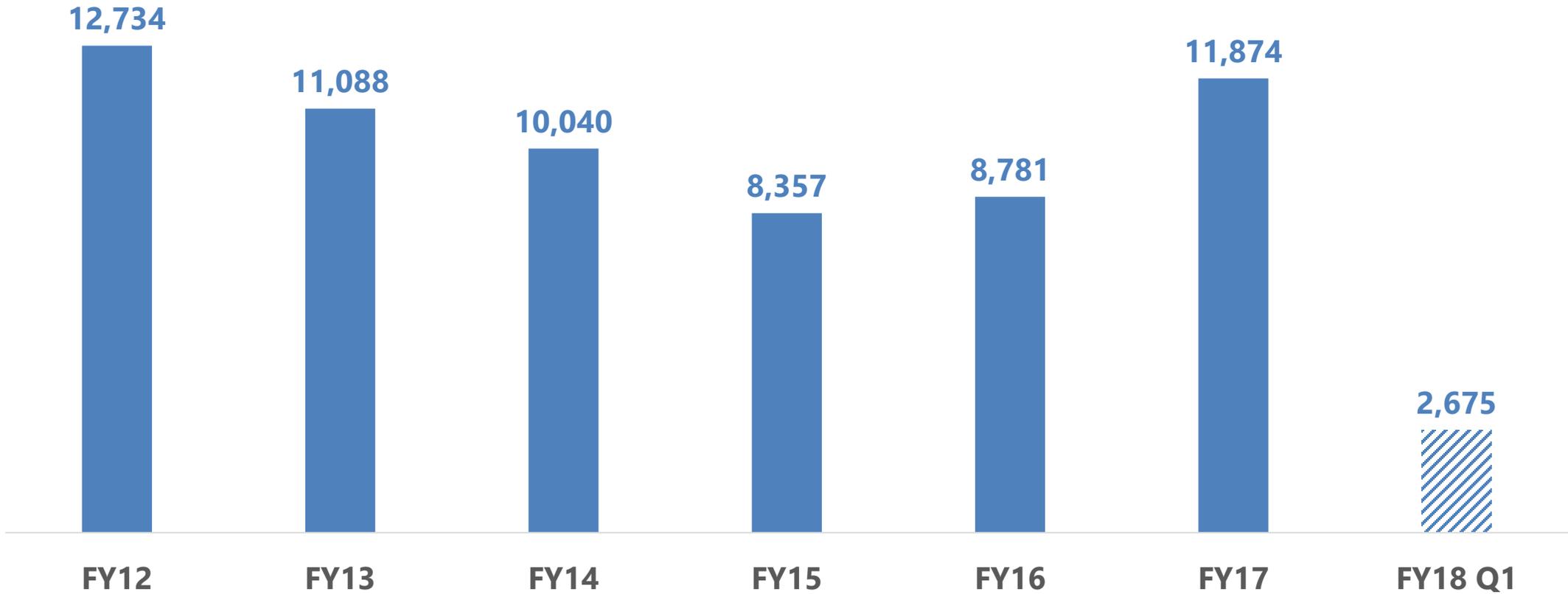
# Ex Parte Appeal Statistics

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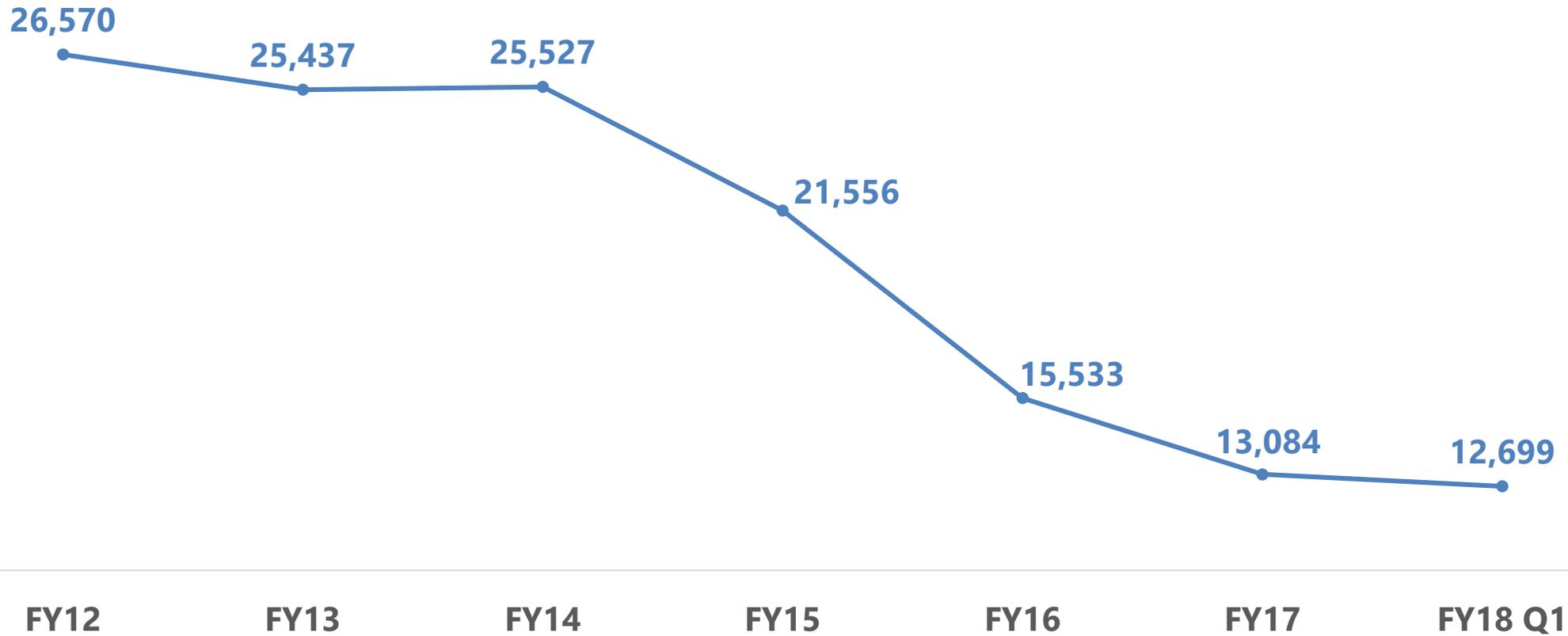
# Appeals Filed

(FY12 to FY18 Q1: 10/1/11 to 12/31/17)



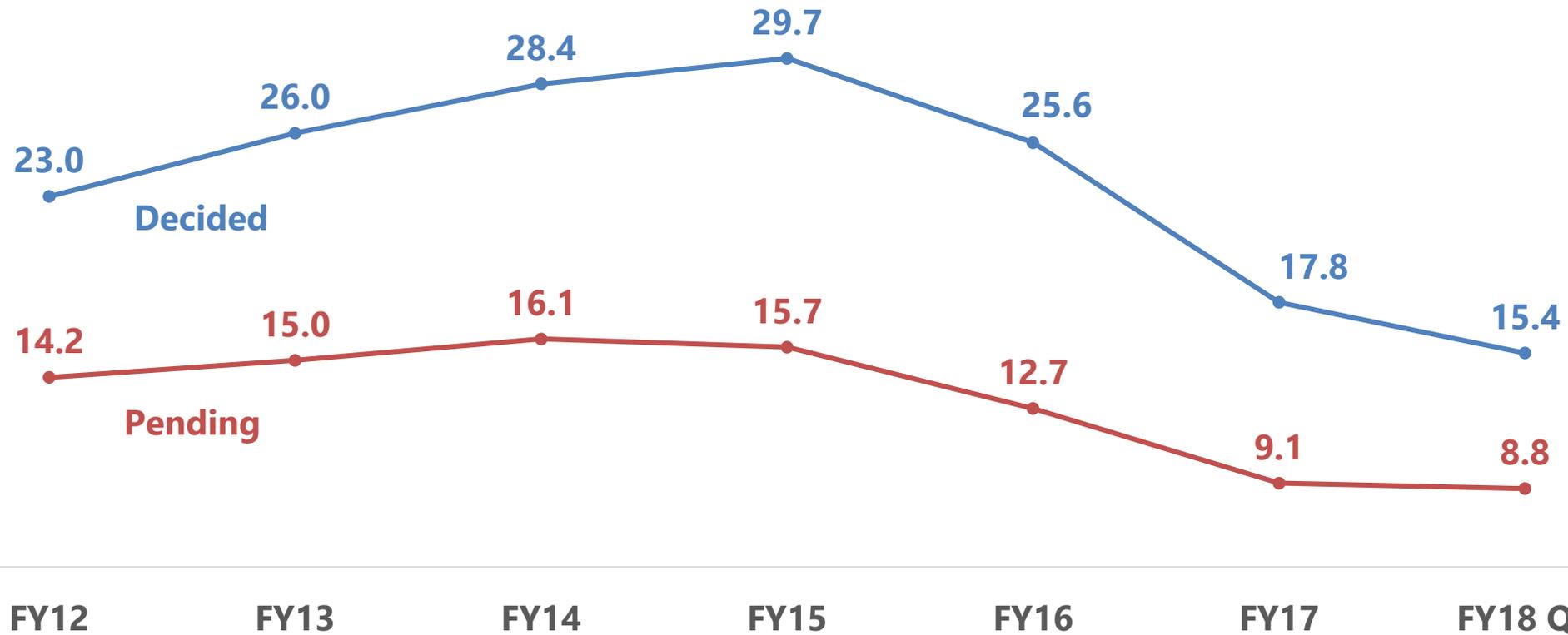
# Appeals Pending

(FY12 to FY18 Q1: 10/1/11 to 12/31/17)



# Average Age of Appeals in Months

(FY12 to FY18 Q1: 10/1/11 to 12/31/17)

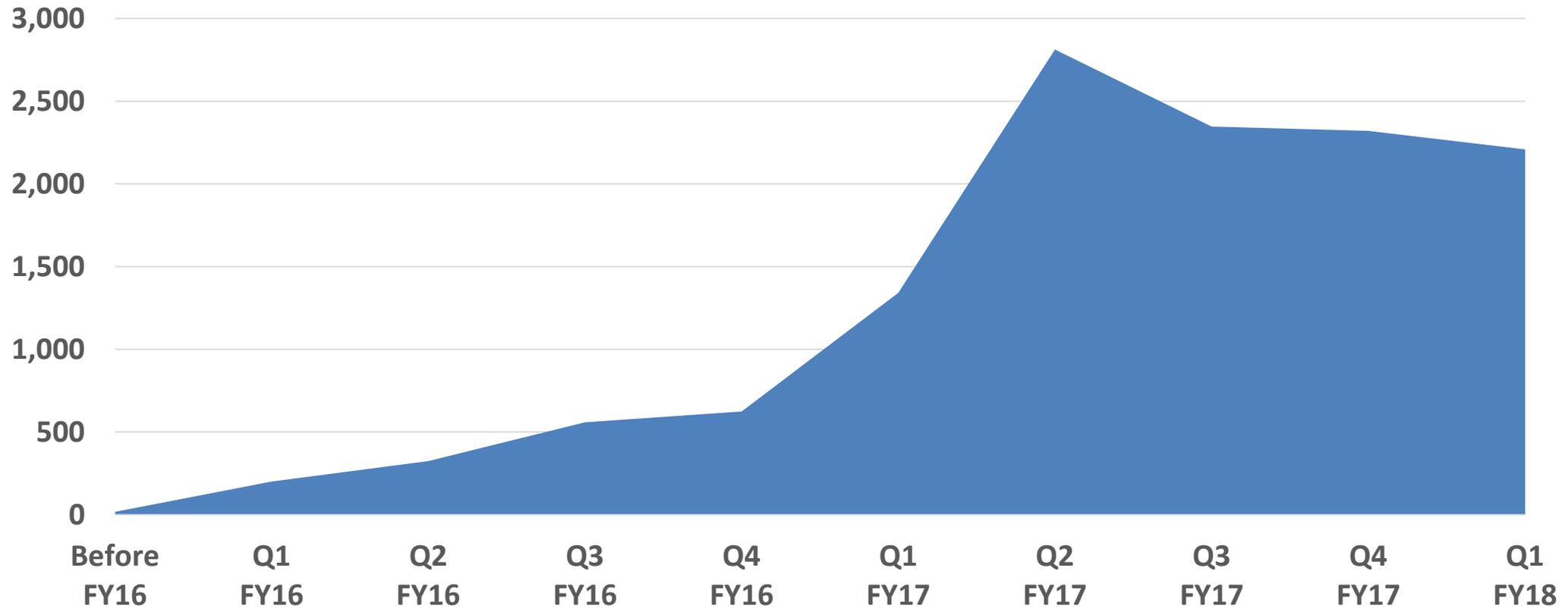


Decided appeals are measured from receipt or docketing to the decision.  
Pending appeals are measured from receipt or docketing to the end of the given period.



# Current Pending Appeals by Receipt Date

(As of FY18 Q1: 12/31/17)





# Open Discussion

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# Questions and Comments

**David P. Ruschke**

Chief Administrative Patent Judge

(571) 272-9797

[David.Ruschke@USPTO.GOV](mailto:David.Ruschke@USPTO.GOV)

**Scott R. Boalick**

Deputy Chief Administrative Patent Judge

(571) 272-9797

[Scott.Boalick@uspto.gov](mailto:Scott.Boalick@uspto.gov)





# Appendix

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# **Trial Statistics**

## **IPR, PGR, CBM**

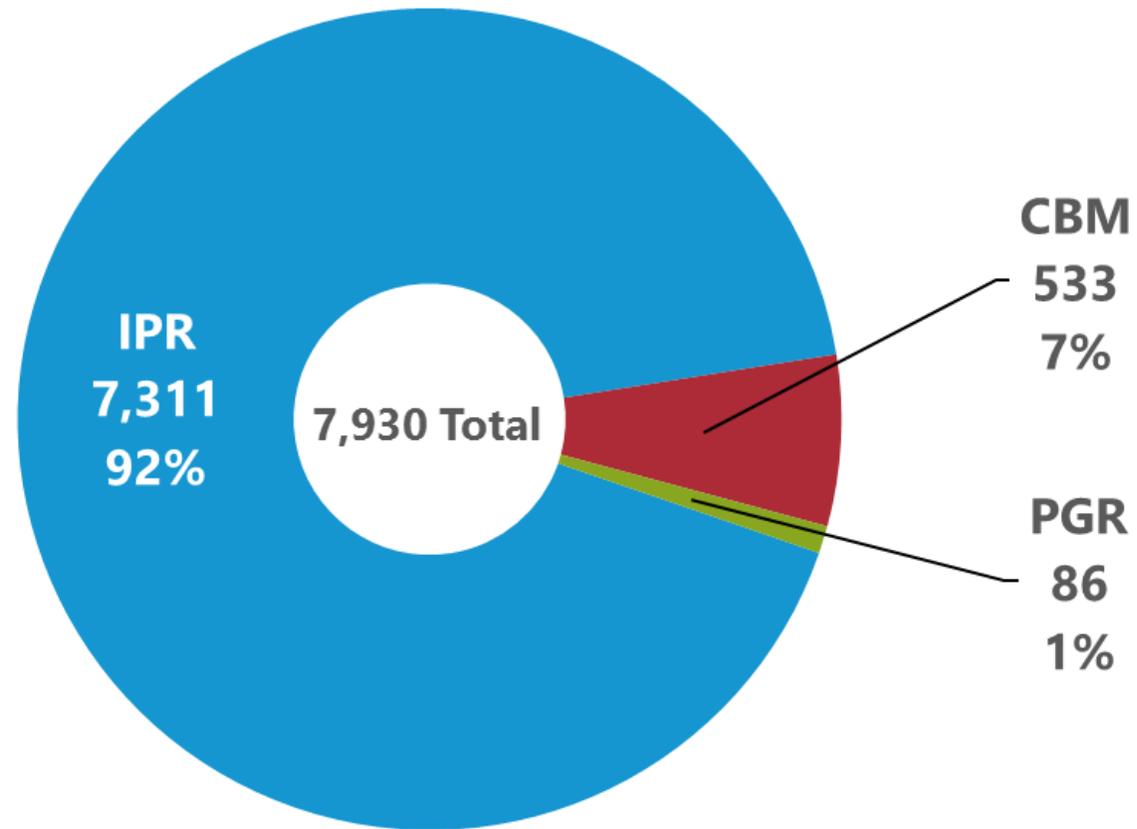
Patent Trial and Appeal Board  
December 2017

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# Petitions by Trial Type

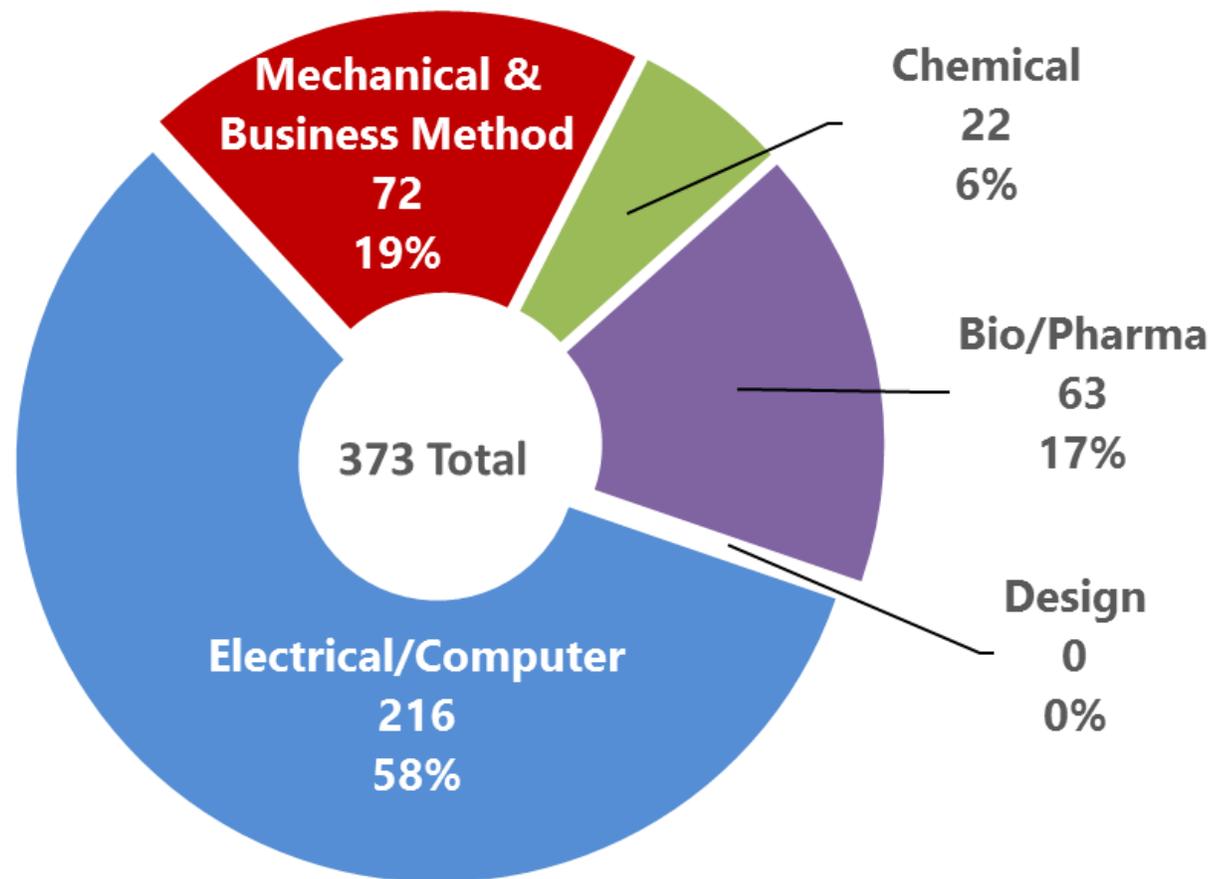
(All Time: 9/16/12 to 12/31/17)



Trial types include Inter Partes Review (IPR), Post Grant Review (PGR), and Covered Business Method (CBM).

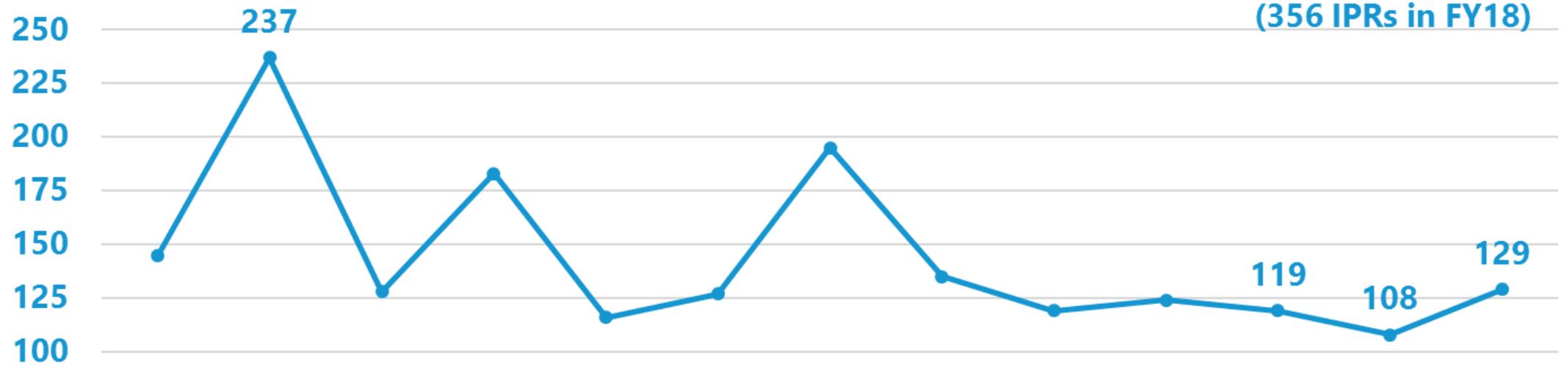
# Petitions Filed by Technology in FY18

(FY18 to date: 10/1/17 to 12/31/17)



# Petitions Filed by Month

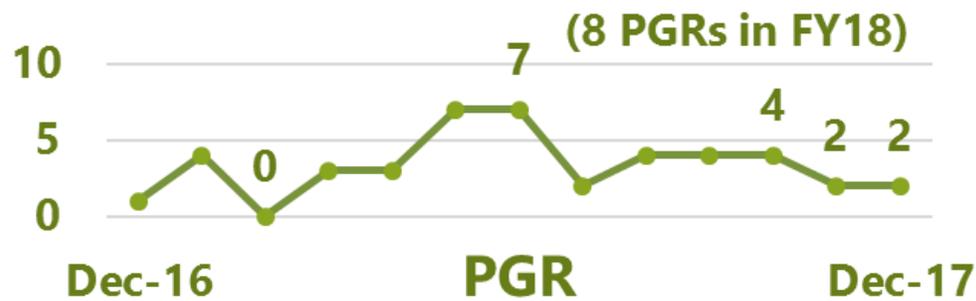
(December 2017 and Previous 12 Months: 12/1/16 to 12/31/17)



Dec-16

IPR

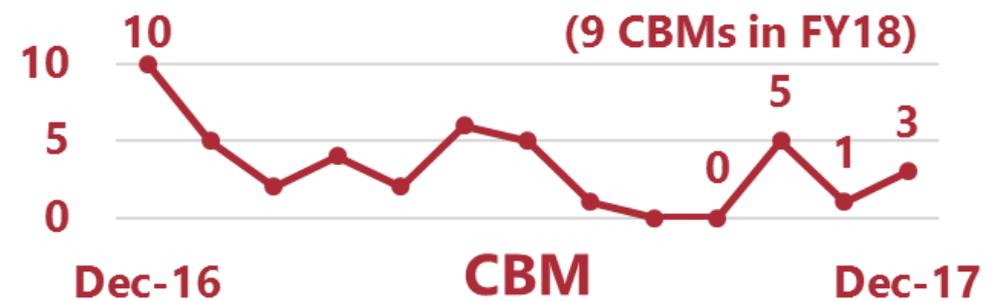
Dec-17



Dec-16

PGR

Dec-17



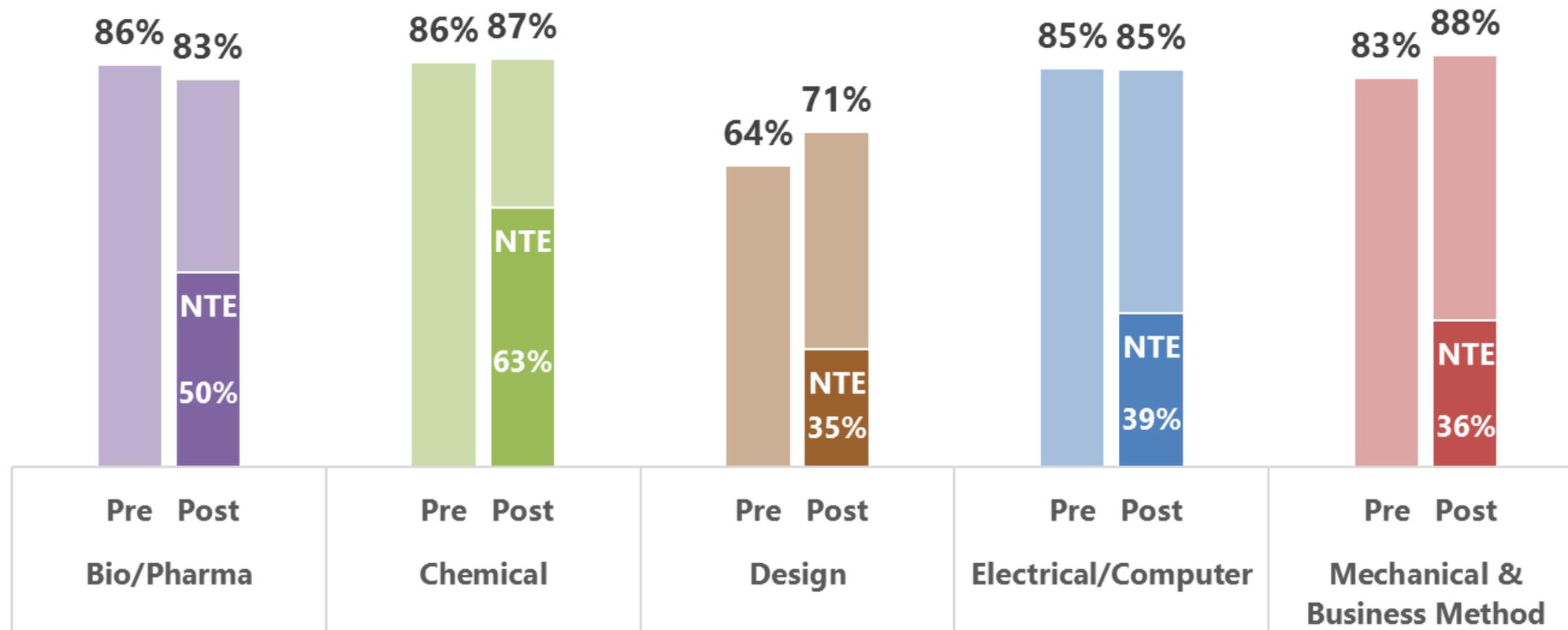
Dec-16

CBM

Dec-17

# Preliminary Response Filing Rates

Pre- and Post-Rule To Allow New Testimonial Evidence (NTE)  
(All Time: 9/16/12 to 12/31/17)

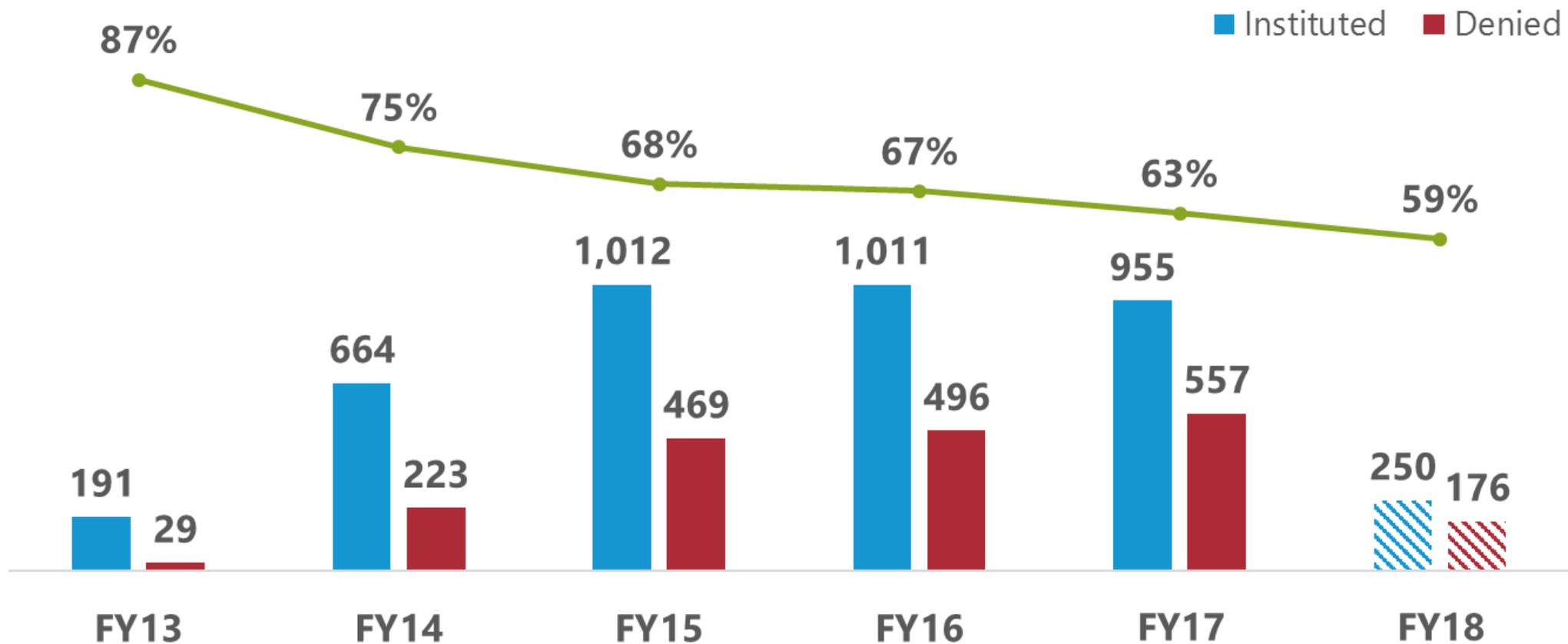


The rule to allow new testimonial evidence was effective May 2, 2016.



# Institution Rates

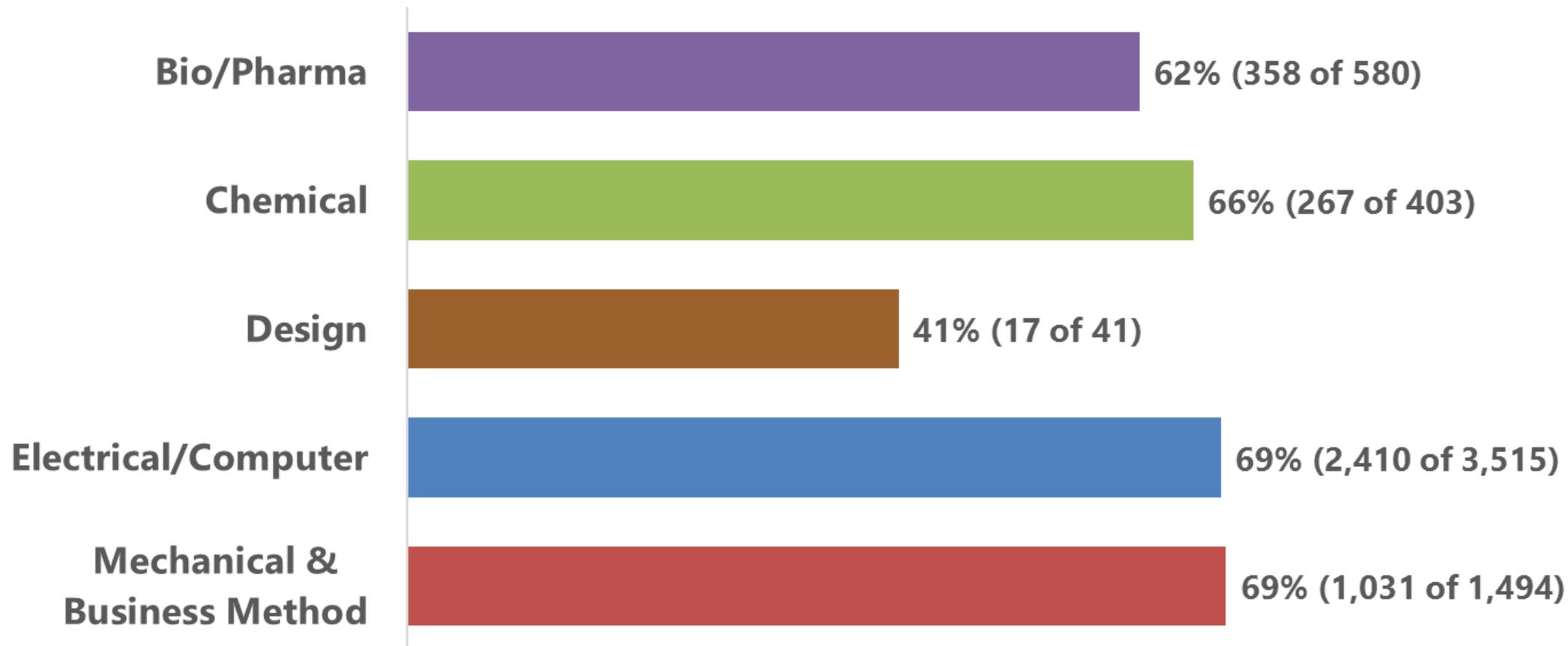
(FY13 to FY18: 10/1/12 to 12/31/17)



Institution rate for each fiscal year is calculated by dividing petitions instituted by decisions on institution (i.e., petitions instituted plus petitions denied). The outcomes of decisions on institution responsive to requests for rehearing are excluded.

# Institution Rates by Technology

(All Time: 9/16/12 to 12/31/17)

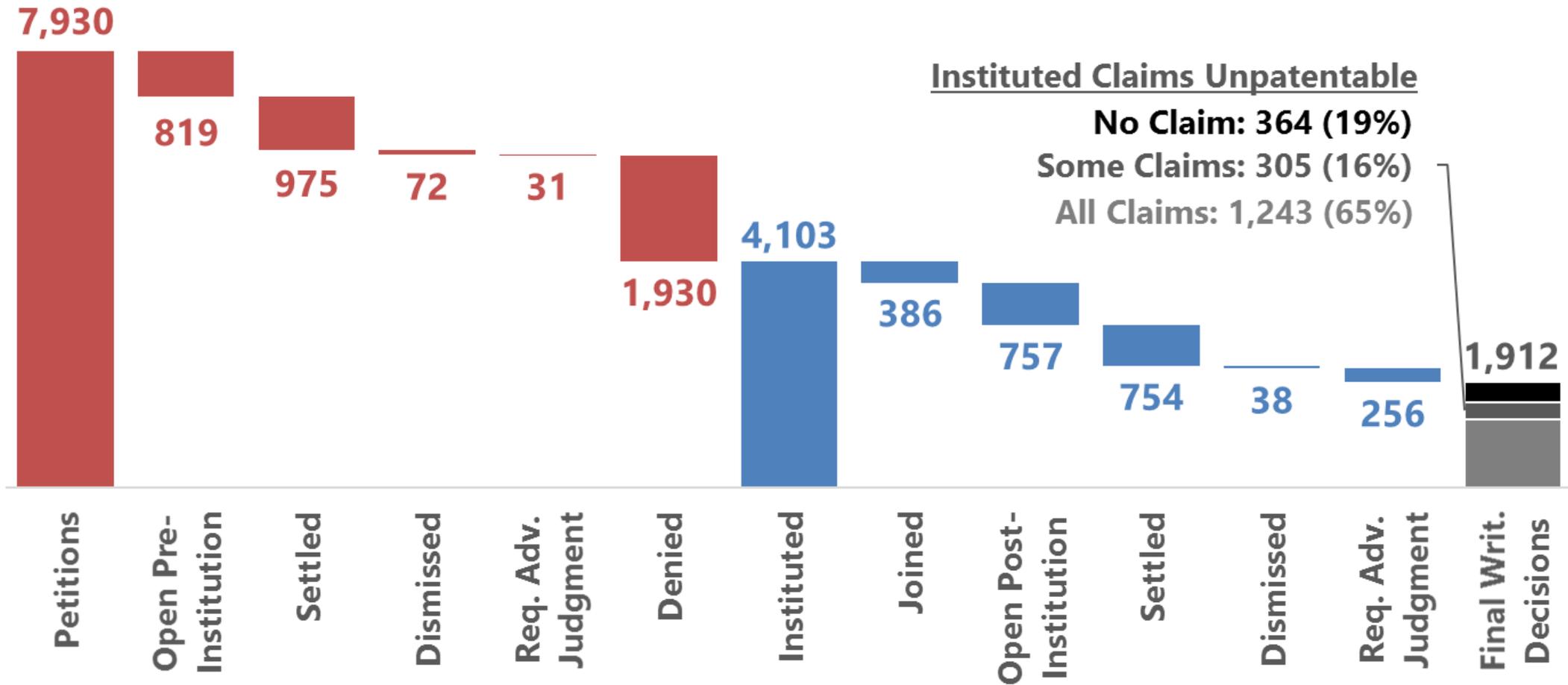


Institution rate for each technology is calculated by dividing petitions instituted by decisions on institution (i.e., petitions instituted plus petitions denied). The outcomes of decisions on institution responsive to requests for rehearing are excluded.



# Status of Petitions

(All Time: 9/16/12 to 12/31/17)



These figures reflect the latest status of each petition. The outcomes of decisions on institution responsive to requests for rehearing are incorporated. Once joined to a base case, a petition remains in the Joined category regardless of subsequent outcomes.



The background of the slide is a technical drawing of a mechanical assembly, likely a multi-pin connector. It features various components, some of which are highlighted with diagonal hatching. Numerous callout numbers are scattered throughout the drawing, including 80, 84, 86, 82, 22, 26, 68, 40, 76, 34, 32, 52, 50, and 48. The drawing is rendered in a light gray color against a white background.

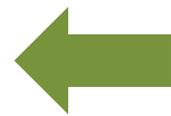
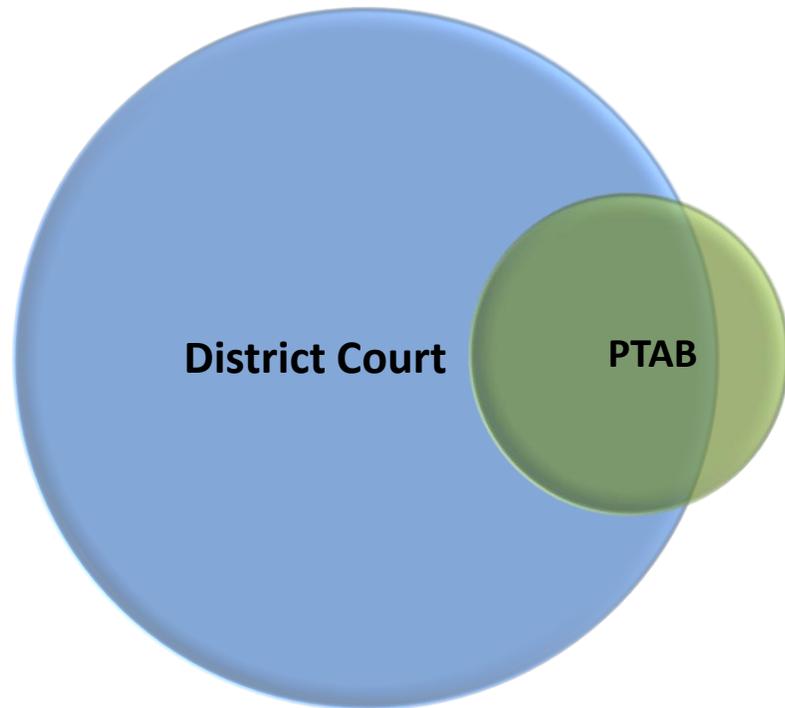
# An Analysis of Multiple Petitions in AIA Trials

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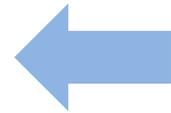


# Jurisdiction of Patent Challenges

Jurisdiction of Patent Challenge



- Approximately 85% of IPRs in Fiscal Year 2017 have a co-pending district court case



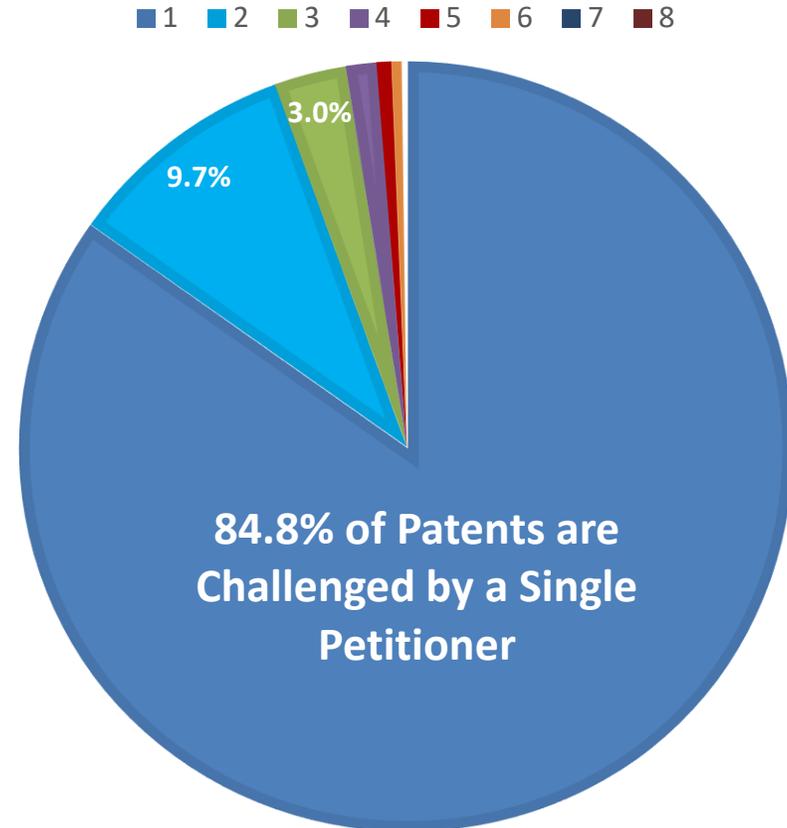
- Less than a fifth of district court cases involve patents that are challenged in an IPR

# Multiple Petition Study

## *Petitioners Per Patent*

No. of Petitioners vs. Patent	No. of Patents	% Patents
1	3711	84.8%
2	424	9.7%
3	132	3.0%
4	59	1.3%
5	28	0.6%
6	17	0.4%
7	2	<0.1%
8	3	<0.1%
Total	4376	100%

NUMBER OF **PETITIONERS** PER PATENT



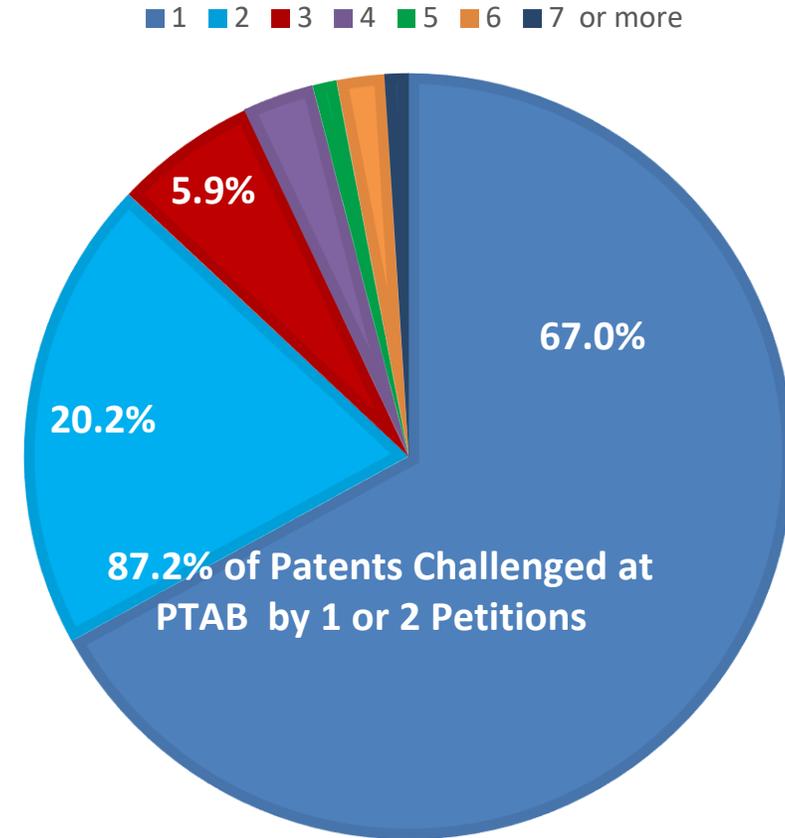
Data Through 6/30/17  
 Percentages may not add to 100% due to rounding

# Multiple Petition Study

## *Petitions Per Patent*

No. of Petitions per Patent	Patents	% of Total
1	2932	67.0%
2	885	20.2%
3	256	5.9%
4	142	3.2%
5	54	1.2%
6	52	1.2%
7 or more	55	1.3%
Total	4376	100%

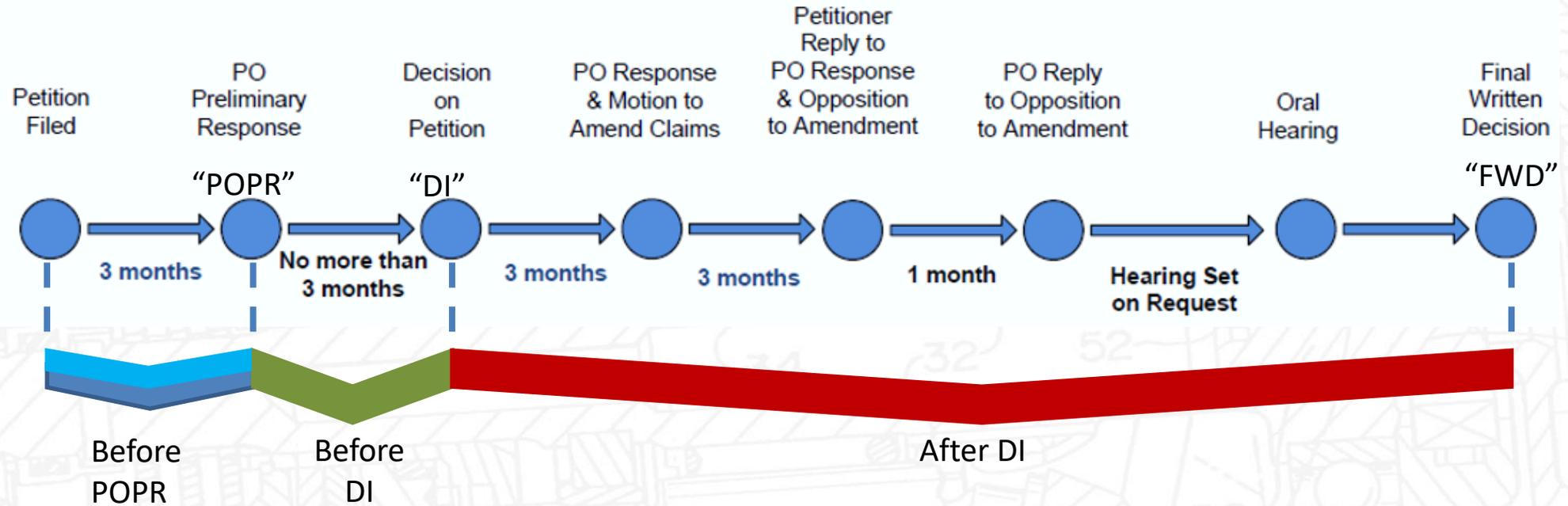
### NUMBER OF PETITIONS PER PATENT



Data Through 6/30/17



# When **Petitions** Are Filed



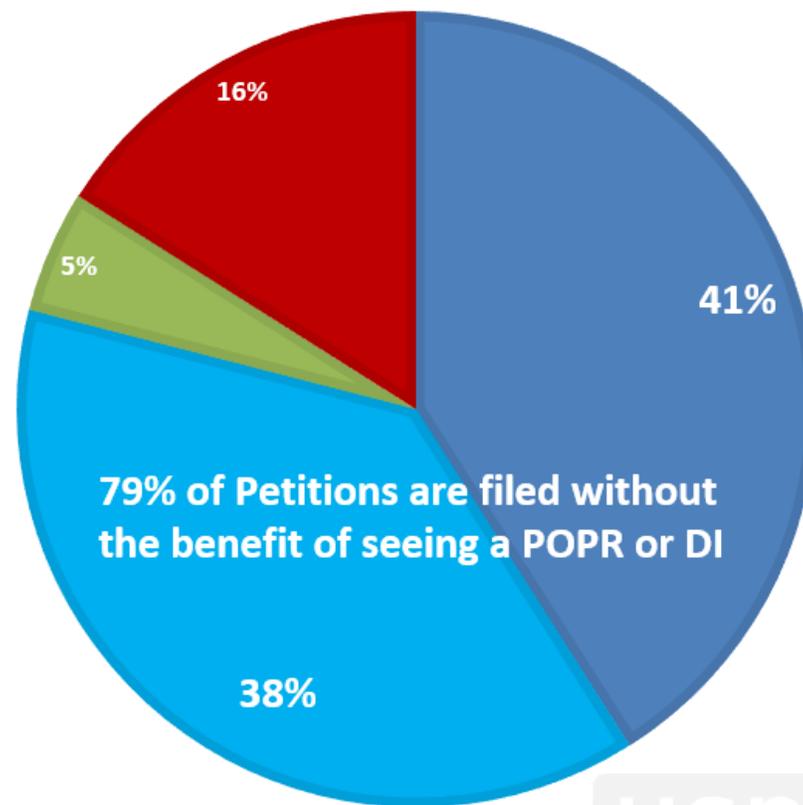
# Multiple Petition Study

## When *Petitions* are Filed

### WHEN PETITIONS ARE FILED

- Single Petition vs. Patent
- Multiple Petition Filed On or Near Same Day
- Multiple Petition Filed after POPR
- Multiple Petition Filed After DI

Timing of Petition	No. of Petitions	% of Petitions
Single Petition Filed	2932	41%
Multiple Petitions Filed On or Near Same Day	2685	38%
Multiple Petitions Filed After POPR, But Before DI	381	5%
Multiple Petitions Filed After DI	1170	16%
Total	7168	100%

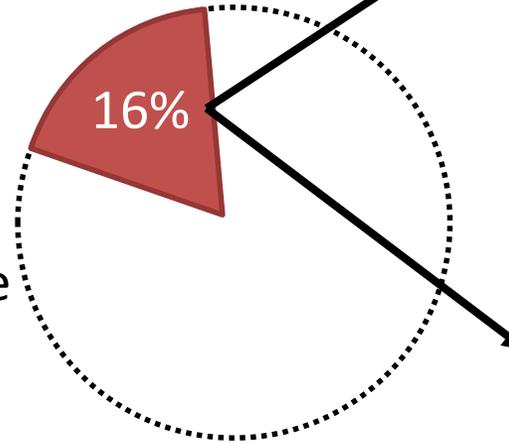


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# Multiple Petition Study

*Who are post-DI **Petitioners**?*

- 16% of all petitions are filed after a DI
- A random sample of the 1054 petitions filed after DI as of 3/1/17\* was taken
- The sample included 169 petitions, and the results were found to be statistically significant, such that we can use the sample (169 petitions) as an estimate of the whole (1054 petitions).



9-10% of petitions filed by:

- Defendant-Petitioner; or
- Same or Different Petitioner
  - Filing due to a change in litigation; or
  - Seeking to join existing trial as a party

6-7% of petitions filed by:

- Non-Defendant Petitioner; or
- Same Petitioner
  - Filing not due to change in litigation; and
  - Not seeking party joinder

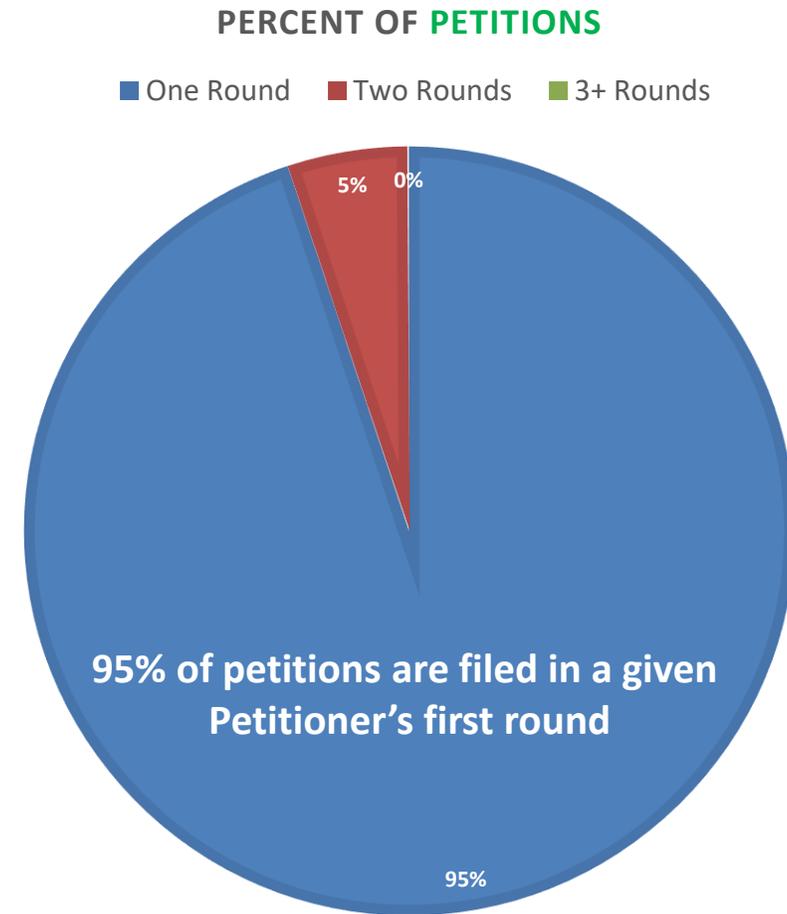
\*Random sample taken on 3/1/17 using data through 2/28/17

# Multiple Petition Study

## *Rounds of Petitions*

- *95% of petitions are filed in a given petitioner's first round*
- *A "round" is all petitions filed before receiving a DI on one of those petitions*

Rounds of Petitions	No. of Petitions	% of Petitions
First Round of Petitions	6481	95%
Second Round of Petitions	369	5%
Third or Fourth Round of Petitions	7	<0.1%
Total	6857*	



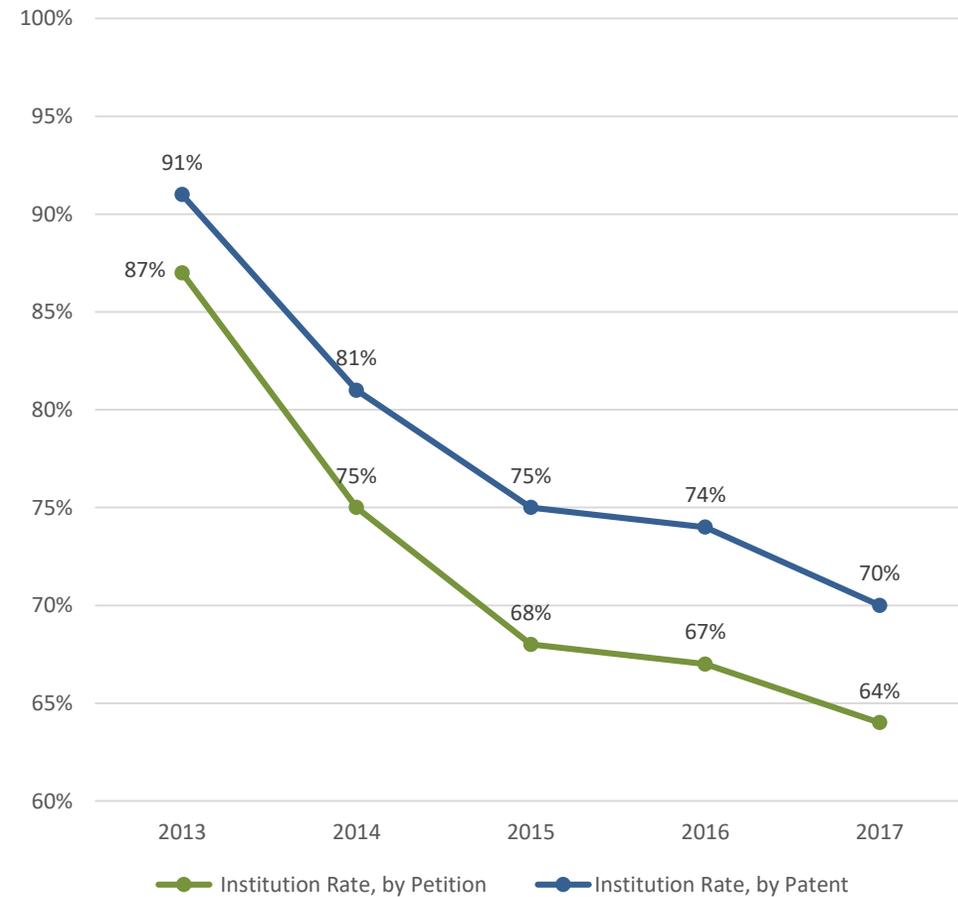
Data Through 6/30/17

\*Not included are 311 Petitions filed where a request to join as a party to another proceeding was granted

# Multiple Petition Study

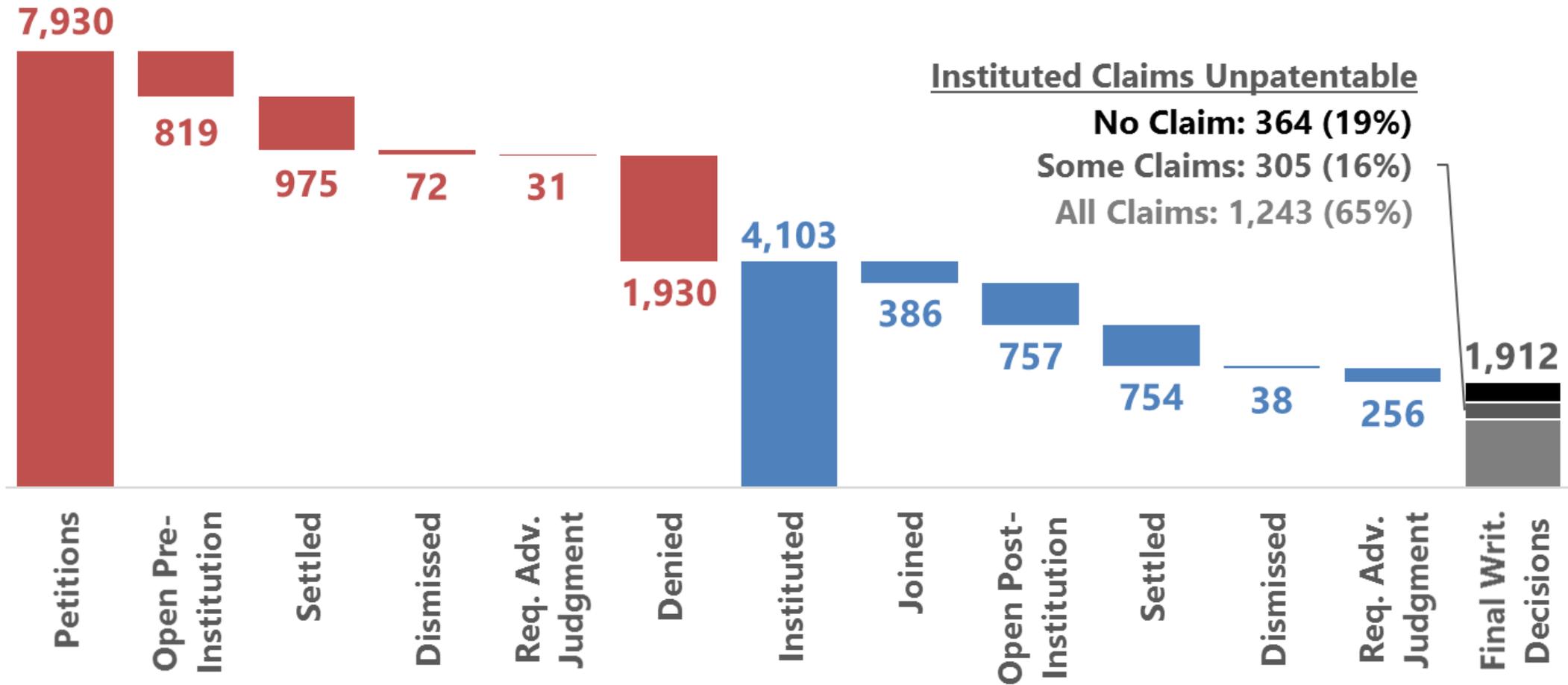
## Institution Rate

- Institution rate as measured *by patent* is only slightly higher than the institution rate as measured *by petition*
- “*By patent*” accounts for whether any one petition against particular patent is instituted
  - Example against Patent A:
    - Petition 1 instituted
    - Petition 2 not instituted
    - Net result = 100% institution rate
- “*By petition*” accounts for whether a particular petition was instituted; publicly reported monthly
  - Example against Patent A
    - Petition 1 instituted
    - Petition 2 not instituted
    - Net result = 50% institution rate



# Status of Petitions

(All Time: 9/16/12 to 12/31/17)



These figures reflect the latest status of each petition. The outcomes of decisions on institution responsive to requests for rehearing are incorporated. Once joined to a base case, a petition remains in the Joined category regardless of subsequent outcomes.

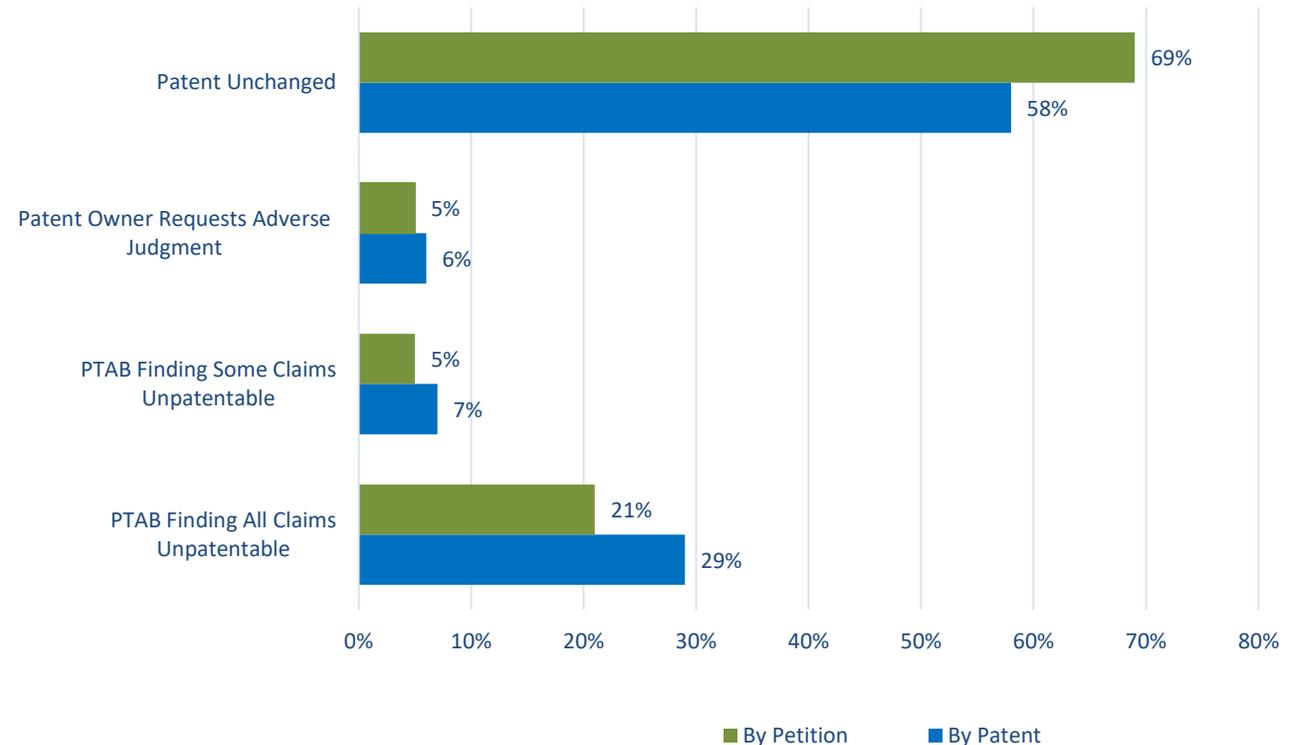


# Multiple Petition Study

## Ultimate Outcome

- *69% of all petitions result in a patent being unchanged; 58% of patents are unchanged at the end of one or more AIA proceedings*
- *“By patent” accounts for whether any one petition against particular patent results in any unpatentable claims*
- *“By petition” accounts for whether a particular petition results in any unpatentable claims*

Outcomes in AIA Trials



# Multiple Petition Study Highlights

- **Studied**: 7168 petitions addressing 4376 patents
- **Who**: 84.8% of patents are challenged by a single petitioner
- **What**: 87% of patents are challenged by 1 or 2 petitions
- **Where**: 85% of IPRs have a co-pending district court case
- **When**:
  - 79% of petitions are filed before any Patent Owner Response or a Decision on Institution
  - 95% of petitions are filed in a given petitioner's first round
- **Why**: Often a petitioner could not have filed a petition earlier or may be prompted to file later because of the litigation circumstances
- **How**:
  - Institution rate by patent (FY17: 70%) is only slightly higher than by petition (FY17: 64%)
  - 58% of patents challenged at the PTAB are unchanged

